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**From:**

**Sent:** Wednesday, September 01, 2010 8:57:48 AM

**To:**

**Cc:**

**Subject:** RE: Tefra contact?

Your analysis is correct. This is also covered in the Notice on Frequently Asked TEFRA questions. My direct line is if you need further clarification.

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Sorry to bother you, but I have what I believe to be a straightforward TEFRA issue that I was hoping to double check with someone in . Do you have a second to talk tomorrow (or is there someone in your branch that you would recommend I call)?

The issue is who signs the 872-P for the Source Partnership when the Source Partnership's TMP is an LLC taxed as a partnership with its own tax matters partner ("TMP2").

I look to the analysis of Rev. Rul. 2004-88 and I'm persuaded that the answer is whoever has legal authority to act on behalf of LLC for state law purposes. If LLC has Mr. X as a member-manager, then Mr. X can sign on behalf of LLC, the TMP of Source Partnership, even if Mr. X is not TMP2. Similarly, if Mr. X is a nonmember-manager, he can still sign the 872-P for the Source Partnership on behalf of LLC, the TMP of Source Partnership, even though Mr. X could not be TMP2. It may work out that TMP2 is the person with legal authority to sign on behalf of LLC, the TMP of Source Partnership, but I wouldn't expect that authority to flow from TMP2's status as tax matters partner of LLC.

There is potentially some tension in the IRM on this point between 4.31.2.6.4(2) (which talks about chasing through the tiers) and 25.6.22.6.5.1(6) (which seems to prefer the analysis of the Revenue Ruling), but I think the provisions can be reconciled if 4.31.2.6.4(2) is viewed as assuming tiers of general partnerships (without managers) and member-managed LLCs (again without managers). There is also an old NSAR (2002 IRS NSAR 20244) which would have accepted TMP2's signature on the 872-P for the Source Partnership, but the NSAR predates 2004-88 and seems consistent with a §6063 view.

I hope all is well and thank you.